



# Investment Section

In comparison to the more than \$2 billion in benefits disbursed by the Retirement Systems, personal income derived from utilities in South Carolina in 2007 was \$1.162 billion.

Utilities include companies that provide: electric power, natural gas, steam supply, water supply, and sewage removal. Activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.

\*Based on Bureau of Economic Analysis data for 2007.



The Statement of Investment Objectives (SIO) and Policies (SIP) cover the general guidelines and the goals for the investment of the Retirement Systems' assets. The investment program is implemented through an Annual Investment Plan (AIP) which details the target asset allocation and the rules by which the managers of the assets must comply. Additionally, the AIP sets forth rebalancing procedures, permissible investments, and benchmarks for performance evaluation. Each fiscal year, the goals, objectives, and policies of the investment program are reviewed and updated to ensure that the portfolio is managed to achieve the goals of the Retirement Systems with appropriate fiduciary oversight.

As of June 30, 2008, the Retirement Systems' investment portfolio value totaled \$27.04 billion, down from \$28.56 billion a year earlier. Beyond US equities and core US fixed income, which were the only options in which the plan was constitutionally allowed to invest prior to February 2007, the plan reallocated to international equities, international fixed income, US high yield debt, private equity, and global asset allocation products. Shifts from the prior year's allocation to this one occurred throughout the fiscal year as external managers were identified, vetted, hired, and funded.

Unfortunately, due to the previous lack of diversification in the portfolio, the investment returns for the Retirement Systems have historically lagged its peers. This fiscal year saw significant improvement in the plan's rankings against its peers, however, due entirely to the ability to broaden the opportunity set for the plan assets. Prior to the diversification adjustment, South Carolina was frequently in the bottom decile of pension plan returns. In the four quarters of Fiscal Year 2008, the Fund made it into the top quartile of returns twice and was never in the bottom quartile.

For the one-year period ending June 30, 2008, the total portfolio returned, gross of fees, -2.56 percent, beating the ICC Large Fund Universe (a commonly used industry database of plan sponsors with assets exceeding \$1 billion) median return by 163 basis points. For the three- and five-year periods ended June 30, 2008, the total portfolio returned 5.17 percent and 6.25 percent, respectively. These were well behind peer median returns of 7.25 percent and 9.56 percent, primarily due to the previous inability to include asset classes beyond US stocks and US core fixed income.

The Commission is committed to using industry best practices to transform South Carolina Retirement Systems' investment program into a top quartile ranked public pension fund, on a risk-adjusted basis of return over the long term. We believe that we now have the necessary structure in place to achieve this critical goal. The diversification process and resulting increase in investment performance will not happen overnight, but Fiscal Year 2008 saw a dramatic step made toward these goals. Particularly due to the difficulty of investing less liquid asset classes such as private equity and real estate, the transition was not completed in Fiscal Year 2008, but the majority of the assets have been reallocated to reflect the approved asset allocation.

The Commission also made further progress in hiring a highly qualified professional staff and developing the infrastructure necessary to implement its goals during Fiscal Year 2008. Also during the year, consulting and investment services were provided by Jamison, Eaton & Wood, New England Pension Consultants, Russell Implementation Services, Morgan Stanley Investment Management, and a variety of other investment managers.

Diversification brings defensive characteristics to an investment portfolio. The repricing of the world's financial assets should, in the long run, provide significant opportunities in a number of different asset classes, not confined to public market equities and debt. We are pleased to be serving the citizens of the State of South Carolina and seizing the opportunity that is before us.

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The Commission is dedicated to providing complete transparency of its plans, goals, and results to the public.

We are committed to the interests of the members of the Retirement Systems, and we will continue to manage the assets of the Fund in a prudent manner, seeking superior returns at acceptable levels of risk. It is a tremendous responsibility and opportunity for us to serve as the Commission's Chairman and CIO.

Sincerely,



James R. Powers, Chairman



Robert L. Borden, CFA, CAIA

## Investment Section

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### South Carolina Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income (Loss) from Investments</u>	<u>% Increase for Year</u>
2008	\$ 23,103,046	-6.77%	\$ (641,196)	-121.38%
2007	24,779,857	8.97%	2,999,209	164.33%
2006	22,741,048	0.99%	1,134,639	-24.20%
2005	22,517,910	5.69%	1,496,887	-14.93%
2004	21,305,463	6.69%	1,759,686	5.83%
2003	19,969,435	8.29%	1,662,781	876.48%
2002	18,440,327	-0.20%	170,284	-86.84%
2001	18,477,867	7.35%	1,293,997	63.33%
2000	17,212,697	4.31%	792,282	101.16%
1999	16,502,052	2.33%	393,856	-79.32%

### Police Officers Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income (Loss) from Investments</u>	<u>% Increase for Year</u>
2008	\$ 3,100,417	-4.83%	\$ (85,415)	-122.80%
2007	3,257,632	11.66%	374,623	167.99%
2006	2,917,468	4.31%	139,785	-20.51%
2005	2,796,872	6.52%	175,849	-17.13%
2004	2,625,710	7.90%	212,201	15.22%
2003	2,433,396	8.98%	184,177	886.48%
2002	2,232,967	1.44%	18,670	-87.52%
2001	2,201,277	9.49%	149,574	60.10%
2000	2,010,545	6.49%	93,425	75.27%
1999	1,887,931	4.54%	53,304	-74.37%

\*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

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### General Assembly Retirement System

#### Summary of Investment Growth

*(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income (Loss) from Investments</u>	<u>% Increase for Year</u>
2008	\$ 43,544	-9.27%	\$ (1,136)	-119.09%
2007	47,992	5.98%	5,950	185.23%
2006	45,282	-2.20%	2,086	-35.58%
2005	46,300	3.42%	3,238	-19.67%
2004	44,771	3.93%	4,031	0.65%
2003	43,078	5.09%	4,005	14,203.57%
2002	40,990	-3.51%	28	-99.07%
2001	42,482	5.16%	3,022	65.41%
2000	40,397	2.44%	1,827	54.83%
1999	39,435	1.79%	1,180	-72.79%

### Judges and Solicitors Retirement System

#### Summary of Investment Growth

*(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income (Loss) from Investments</u>	<u>% Increase for Year</u>
2008	\$ 125,987	-7.00%	\$ (3,371)	-121.05%
2007	135,482	10.93%	16,017	178.00%
2006	122,128	3.24%	5,761	-29.30%
2005	118,299	6.96%	8,148	-11.35%
2004	110,597	7.73%	9,191	4.50%
2003	102,657	8.70%	8,795	758.05%
2002	94,439	0.01%	1,025	-85.62%
2001	94,426	8.99%	7,128	88.02%
2000	86,637	4.13%	3,791	61.18%
1999	83,198	2.87%	2,352	-75.29%

\*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

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### National Guard Retirement System

#### Summary of Investment Growth

*(Amounts expressed in thousands)*

<b>Year Ended <u>June 30,</u></b>	<b><u>Market Value of Investments*</u></b>	<b><u>% Increase for Year</u></b>	<b><u>Net Income (Loss) from Investments</u></b>	<b><u>% Increase for Year</u></b>
2008	\$ 15,627	-0.55%	\$ (348)	-117.38%
2007	15,714	23.83%	2,002	2,149.44%
2006	12,690		89	

\*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

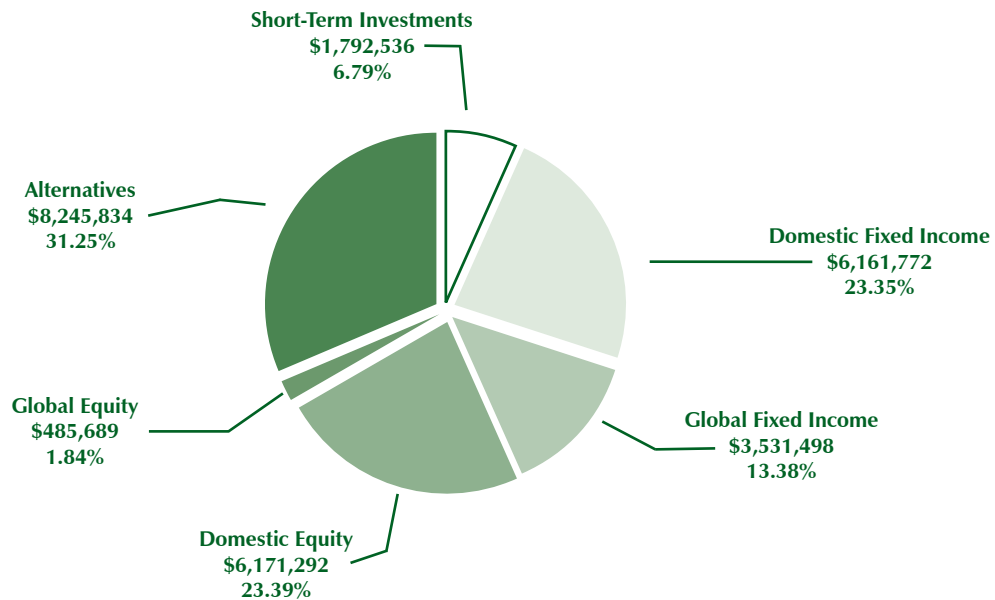
The South Carolina Retirement Systems assumed administrative responsibilities for the National Guard Retirement System January 1, 2006; therefore, prior year data is not presented.

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## Investment Section

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### South Carolina Retirement Systems Schedule of Total Asset Allocation for All Systems Market Value of Investments as of June 30, 2008 (Dollar amounts expressed in thousands)



Note: Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.

## Investment Section

### Summary of Market Value of Investments (Amounts expressed in thousands)

South Carolina Retirement System				Police Officers Retirement System			
	Market Value		% of Market Value at 06/30/08		Market Value		% of Market Value at 06/30/08
	06/30/2007	06/30/2008			06/30/2007	06/30/2008	
Short-Term Investments	\$ 5,501,531	\$ 1,563,907	6.77%		\$ 732,890	\$ 215,653	6.96%
Debt:							
Domestic Fixed Income	7,588,338	5,390,761	23.33%		1,123,750	727,962	23.48%
Global Fixed Income		3,093,577	13.39%			413,183	13.32%
Public Equity:							
Domestic Equity	11,668,536	5,406,024	23.40%		1,398,188	722,037	23.29%
Global Equity		425,462	1.84%			56,825	1.83%
Alternatives	21,452	7,223,315	31.27%		2,804	964,757	31.12%
Total Investments	\$ 24,779,857	\$ 23,103,046	100.00%		\$ 3,257,632	\$ 3,100,417	100.00%

General Assembly Retirement System				Judges & Solicitors Retirement System			
	Market Value		% of Market Value at 06/30/08		Market Value		% of Market Value at 06/30/08
	06/30/2007	06/30/2008			06/30/2007	06/30/2008	
Short-Term Investments	\$ 10,869	\$ 2,988	6.86%		\$ 30,222	\$ 8,865	7.04%
Debt:							
Domestic Fixed Income	14,566	10,140	23.29%		44,922	29,283	23.24%
Global Fixed Income		5,827	13.38%			16,828	13.35%
Public Equity:							
Domestic Equity	22,514	10,183	23.39%		60,219	29,406	23.34%
Global Equity		801	1.84%			2,314	1.84%
Alternatives	43	13,605	31.24%		119	39,291	31.19%
Total Investments	\$ 47,992	\$ 43,544	100.00%		\$ 135,482	\$ 125,987	100.00%

National Guard Retirement System			
	Market Value		% of Market Value at 06/30/08
	06/30/2007	06/30/2008	
Short-Term Investments	\$ 2,689	\$ 1,123	7.19%
Debt:			
Domestic Fixed Income	5,740	3,626	23.20%
Global Fixed Income		2,083	13.33%
Public Equity:			
Domestic Equity	7,271	3,642	23.30%
Global Equity		287	1.84%
Alternatives	14	4,866	31.14%
Total Investments	\$ 15,714	\$ 15,627	100.00%

Note: Market value excludes securities lending assets. Assets of the systems are pooled; however, percentages vary slightly between systems due to cash flow differences which primarily impact the short-term investment category.

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### South Carolina Retirement Systems List of Largest Assets Held As of June 30, 2008

#### Common Trust Funds

<u>Units</u>	<u>Description</u>	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>NGRS</u>	<u>Market Value</u>
6,677,773	State Street Global Advisors (S&P 500 equity index fund)	\$ 1,460,714,920	\$ 195,095,299	\$ 2,751,360	\$ 7,945,595	\$ 983,987	\$ 1,667,491,161
9,208,233	State Street Global Advisors (Russell 2000 equity index fund)	336,012,605	44,878,353	632,904	1,827,749	226,349	383,577,960
2,740,467	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	343,097,606	45,824,636	646,249	1,866,288	231,122	391,665,901
2,554,383	Barclays Global Investors EAFE Equity Index Fund (international equity fund)	425,461,661	56,825,304	801,387	2,314,310	286,605	485,689,267
<b>Total</b>							<u><u>\$ 2,928,424,289</u></u>

#### Top 10 Actively Managed Equity Holdings

<u>Units</u>	<u>Description</u>	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>NGRS</u>	<u>Market Value</u>
1,823,623	Quanta Svcs Inc	\$ 53,148,350	\$ 7,098,574	\$ 100,108	\$ 289,102	\$ 35,803	\$ 60,671,937
963,756	Electronic Arts	37,509,850	5,009,872	70,653	204,036	25,268	42,819,679
643,283	Johnson & Johnson	36,256,431	4,842,464	68,292	197,217	24,424	41,388,828
413,100	Exxon Mobil Corp	31,891,936	4,259,535	60,071	173,478	21,483	36,406,503
1,377,057	Western Union Co	29,819,634	3,982,756	56,167	162,205	20,087	34,040,849
785,481	Expeditors Intl Wash Inc	29,587,350	3,951,731	55,730	160,941	19,931	33,775,683
643,276	Teva Pharmaceutical Inds	25,808,617	3,447,038	48,612	140,387	17,386	29,462,040
417,163	Costco Whsl Corp	25,631,467	3,423,378	48,279	139,423	17,266	29,259,813
1,330,316	Dell Inc	25,497,879	3,405,535	48,027	138,696	17,177	29,107,314
228,320	Monsanto Co	25,288,924	3,377,627	47,633	137,560	17,036	28,868,780
<b>Total</b>							<u><u>\$ 365,801,426</u></u>

#### Top 10 Fixed Income Holdings

<u>Par Value</u>	<u>Description</u>	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>NGRS</u>	<u>Market Value*</u>
\$ (268,000,000)	Commitment to sell FNMA SF Mtg 6.00% due 07/01/38	\$ (236,821,030)	\$ (31,630,176)	\$ (446,069)	\$ (1,288,194)	\$ (159,531)	\$ (270,345,000)
237,630,000	U. S. Treasury Bills (held as collateral at Goldman) due 09/25/08	207,309,991	27,688,637	390,483	1,127,668	139,651	236,656,430
(183,000,000)	Commitment to sell FNMA SF Mtg 5.50% due 07/01/38	(158,002,779)	(21,103,091)	(297,609)	(859,460)	(106,436)	(180,369,375)
(157,000,000)	Commitment to sell FNMA SF Mtg 5.00% due 07/01/38	(131,815,228)	(17,605,442)	(248,283)	(717,012)	(88,795)	(150,474,760)
134,078,022	GNMA POOL #0781987 5.50% due 10/15/35	117,054,768	15,634,013	220,481	636,722	78,852	133,624,836
109,648,110	GNMA POOL #0782138 5.50% due 2/15/37	95,795,766	12,794,628	180,438	521,083	64,531	109,356,446
106,864,538	GNMA POOL #0550657 5.50% due 09/15/35	93,249,648	12,454,564	175,642	507,234	62,816	106,449,904
104,753,134	GNMA POOL #0651722 5.50% due 02/15/36	91,372,372	12,203,833	172,106	497,022	61,552	104,306,885
94,639,531	GNMA POOL #0782007 5.50% due 12/15/35	82,623,599	11,035,333	155,627	449,433	55,658	94,319,650
84,308,629	GNMA POOL #0651789 5.50% due 04/15/36	73,528,292	9,820,550	138,496	399,959	49,531	83,936,828
<b>Total</b>							<u><u>\$ 267,461,844</u></u>

Note: A complete list of portfolio holdings is available upon request.

\*Negative values reflect short positions which reduces exposure to the respective asset class.

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### South Carolina Retirement Systems Schedule of Investment Results Combined Investment Portfolio

#### Benchmarks

Fiscal Years ended June 30,	91 Day Treasury Bill Index	Lehman Aggregate	Lehman Global Aggregate	S&P Equity Index	MSCI EAFE	Venture Economics- All Private Equity	HFRX Global Hedge Fund Index	50% MSCI World, 50% Citi WGBI	Lehman High Yield Index	Consumer Price Index (CPI) <sup>1</sup>	Assumed Rate of Return
2008	3.63%	7.12%	12.89%	-13.12%	-10.15%	12.20%	-3.00%	1.70%	-2.26%	4.63%	8.00%
2007	5.21%	6.12%	4.67%	20.59%	27.54%	22.78%	12.72%	12.85%	11.55%	2.71%	7.25%
2006	3.99%	-0.81%	0.25%	8.64%	27.07%	25.98%	7.81%	8.09%	4.80%	4.33%	7.25%
2005	2.15%	6.80%	7.51%	6.32%	14.13%	17.48%	1.11%	8.90%	10.86%	2.53%	7.25%
2004	0.98%	0.33%	4.61%	19.10%	32.85%	22.80%	4.70%	14.63%	10.33%	3.27%	7.25%
2003	1.53%	10.40%	14.90%	0.25%	-6.06%	-11.78%	9.66%	7.37%	22.76%	2.11%	7.25%
2002	2.63%	8.63%	12.02%	-17.99%	-9.22%	-15.44%	6.88%	-1.15%	-3.60%	1.07%	7.25%
2001	5.89%	11.23%	0.50%	-14.83%	-23.32%	-11.87%	14.31%	-11.80%	-0.96%	3.25%	7.25%
2000	5.53%	4.56%	1.57%	7.25%	17.44%	92.07%	18.39%	7.80%	-1.02%	3.73%	7.25%
1999	4.88%	3.13%	3.23%	-	7.92%	12.97%	21.38%	-	-0.38%	1.96%	7.25%
3-Year Annualized	4.27%	4.09%	5.81%	4.41%	13.34%	12.10%	5.60%	6.80%	4.54%	3.89%	7.25%
5-Year Annualized	3.18%	3.85%	5.90%	7.58%	17.16%	13.40%	4.50%	8.40%	6.92%	3.45%	7.25%
10-Year Annualized	3.63%	5.68%	6.10%	2.88%	6.25%	13.48%	9.16%		4.91%	2.93%	7.25%

#### Actual Performance

Fiscal Years ended June 30,	Cash <sup>2</sup>	Domestic Fixed Income	Non-Core Fixed Income <sup>4</sup>	Domestic Equity <sup>3</sup>	Non U. S. Equity <sup>4</sup>	Private Equity	Absolute Return	Global Asset Allocation <sup>4</sup>	Opportunistic Credit <sup>4</sup>	Total Portfolio
2008	3.90%	5.60%	-	-15.45%	-	-3.70%	3.10%	-	-	-2.56%
2007	5.58%	7.02%		18.69%						13.35%
2006	4.44%	0.69%		10.34%						5.13%
2005	2.30%	6.87%		7.24%						7.02%
2004	-	1.49%		20.88%						8.76%
2003	-	11.67%		-0.40%						8.88%
2002	-	8.22%		-17.32%						0.93%
2001	-	10.85%		-7.75%						7.15%
2000	-	4.23%		10.23%						4.75%
1999	-	2.33%		-						2.45%
3-Year Annualized	4.64%	4.30%	-	3.41%	-	-	-	-	-	5.17%
5-Year Annualized	-	5.84%	-	7.45%	-	-	-	-	-	6.25%
10-Year Annualized	-	5.60%	-	-	-	-	-	-	-	5.53%

<sup>1</sup>Measure of the Consumer Price Index (CPI) - All urban Consumers (all items) represents the year-over-year changes in prices of all goods and services purchased for consumption by urban households and includes expenditures by urban wage earners and clerical workers, professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. This represents about 80 percent of the total U.S. population and is the broadest, most comprehensive measure of changes in prices of goods and services.

<sup>2</sup>Effective July 1, 2004, a two percent (approximately) portion of the aggregate fixed income portfolio was segmented into a liquidity pool of short duration investments to more efficiently manage cash flows.

<sup>3</sup>Equity segment funded June 1999.

<sup>4</sup>The following segments were funded during FY 2008; however separate performance results were not reported for the initial 2008 funding year:

Non-Core Fixed income which includes global fixed income, high yield fixed income and emerging market debt.

Non U.S. Equity EAFE Index fund.

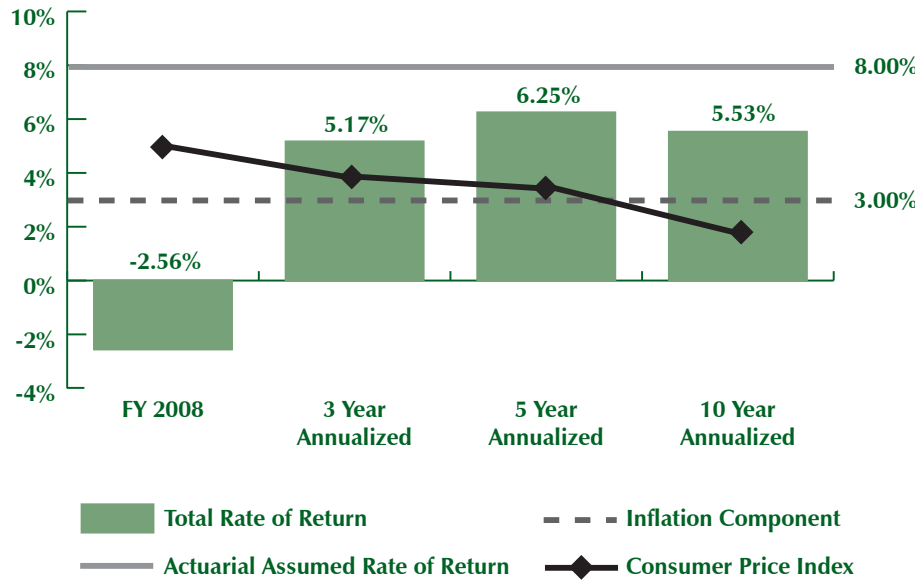
Global asset allocation strategies.

Opportunistic credit investments.

Note: Calculations were prepared using a time-weighted, market rate of return in accordance with the Chartered Financial Analyst (CFA) Institute's performance presentation standards.

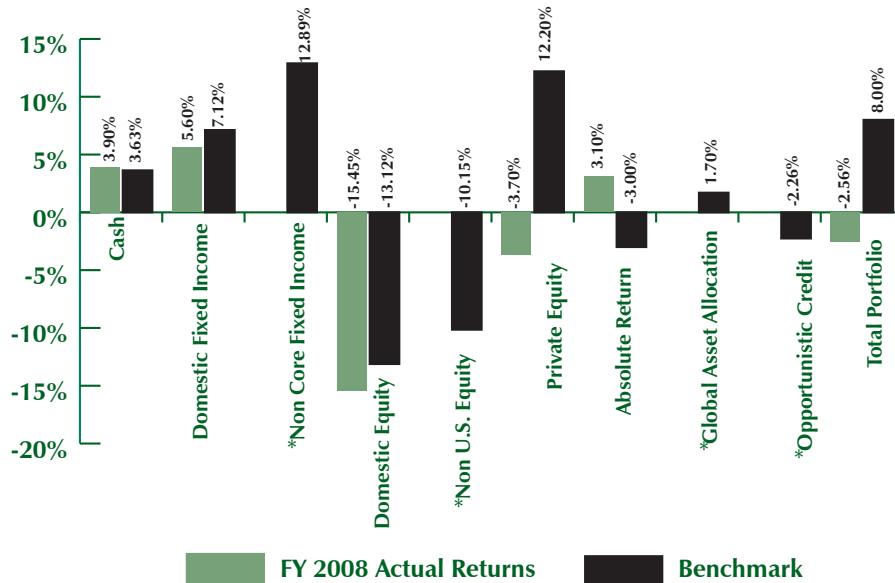
## Investment Section

### South Carolina Retirement Systems Investment Performance Summary



Note: Actuarial assumption includes an 8 percent annual investment rate of return, which is composed of 3 percent inflation and 4.75 percent real rate of return, net of investment and administrative expenses.

### Fiscal Year 2008 Investment Performance by Market Segment



\*These segments were funded during FY 2008; however, separate performance results were not reported for the initial 2008 funding year.

Note: The assumed Investment Rate of Return for actuarial purposes is 8 percent and the South Carolina Retirement System Investment Commission (SCRSIC) adopted an asset allocation model expected to generate a gross annual investment return of 8.77 percent for the total portfolio.

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### South Carolina Retirement Systems Schedule of Investment Fees and Commissions For the Year Ended June 30, 2008

	Market Value of Assets under Management at June 30, 2008 <sup>1</sup>	Fees
Investment Managers' Fees	\$ 18,850,851,207	\$ 60,159,681
Other Investment Service Fees:		
Limited Partnership Expenses		1,908,317
Bank Fees		4,948,948
		<u>\$ 67,016,946</u>

Brokerage Firm	Number of Shares Traded	Commissions <sup>2</sup>	Average Commissions per Share
Merrill Lynch Professional	60,526,930	\$ 730,939	0.0121
Lehman Brothers Inc.	23,489,789	435,249	0.0185
Bear Stearns & Co. Inc.	3,278,913	313,511	0.0956
Weeden & Co.	6,750,573	270,816	0.0401
Goldman Sachs & Co.	3,456,248	267,246	0.0773
Investment Technology Groups	5,463,582	266,841	0.0488
Liquidnet Inc.	1,723,685	257,641	0.1495
Jefferies & Company, Inc.	3,191,059	230,564	0.0723
Citigroup Global Markets Inc.	4,782,605	228,717	0.0478
Credit Suisse	4,991,239	209,936	0.0421
Morgan Stanley & Co.	2,863,446	204,455	0.0714
Deutsche Bank Securities Inc.	3,677,325	202,282	0.0550
Instinet Corporation	2,972,208	195,388	0.0657
Cantor Fitzgerald & Co. Inc.	2,270,184	190,753	0.0840
UBS Securities LLC	5,068,492	190,556	0.0376
J P Morgan Securities Inc.	1,829,200	153,429	0.0839
Wachovia Secs Capital Market	451,905	133,057	0.2944
ITG Inc.	1,684,817	103,187	0.0612
Baird Robert W & Co. Inc.	818,193	102,970	0.1259
BNY Convergenx	1,373,713	102,887	0.0749
Banc of America Securities LLC	600,454	95,695	0.1594
JonesTrading Institutional Svcs LLC	1,996,234	82,961	0.0416
CIBC World Markets Corp	311,395	82,763	0.2658
BNY Brokerage Inc.	273,684	78,540	0.2870
Rosenblatt Securities LLC	3,378,473	74,962	0.0222
Raymond James & Associates Inc.	654,737	74,779	0.1142
National Financial Services Corp	1,811,793	74,417	0.0411
Keybank Capital Markets Inc.	398,981	71,066	0.1781
Freidman Billings	467,095	70,876	0.1517
Thomas Weisel Partners	597,103	68,326	0.1144
Cowen & Company LLC	401,617	62,364	0.1553
Piper Jaffray & Co.	173,119	61,655	0.3561
Capital Institutional Services Inc.	1,128,713	60,456	0.0536
Blair William & Company LLC	107,020	54,387	0.5082
Stifel Nicolaus & Co. Inc.	910,593	54,073	0.0594
All others <sup>3</sup>	22,505,480	1,412,789	0.0628
	<u>176,380,597</u>	<u>\$ 7,270,533</u>	<u>0.0412</u>

Data provided by the BNY Mellon, Custodial bank.

<sup>1</sup>Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

<sup>2</sup>Commissions paid to brokers are considered a part of the investment asset cost and are therefore not reported as expenses of the System.

<sup>3</sup>Other brokers include 120 additional brokers each receiving less than \$50,000 in total commissions.

## Investment Section

### South Carolina Retirement Systems Schedule of Investment Managers and Fees For the Year Ended June 30, 2008 *(Amounts expressed in thousands)*

<u>Investment Manager</u>	<u>Style</u>	<u>Initial Funding Date</u>	<u>Market Value of Assets under Management at June 30, 2008<sup>2</sup></u>	<u>Fees</u>
State Street Global Advisors Boston, MA	Large Cap Passive S&P 500 Index Fund	June 16, 1999	\$ 1,667,491	\$ 114
Aronson + Johnson + Ortiz, LP Philadelphia, PA	Large Cap Value	September 21, 2005	542,268	-
Pzena Investment Management, LLC New York, NY	Large Cap Value	September 21, 2005	294,531	1,752
Legg Mason Capital Management, Inc. Baltimore, MD	Large Cap Growth	September 21, 2005	354,766	1,712
WCM Investment Management Lake Forest, CA	Large Cap Growth	September 21, 2005	521,600	2,593
Barclays Global Investors, NA San Francisco, CA	Large Cap Core	April 16, 2004	391,666	1,349
State Street Global Advisors Boston, MA	Small/Mid Cap Passive Russell 2000 Index Fund	October 1, 2001	383,578	57
Wells Capital Management, Inc. (Benson Value Team) Portland, OR	Small Cap Value	October 1, 2002	307,810	2,149
Integrity Asset Management, LLC Louisville, KY	Small Cap Value	March 15, 2005	128,586	935
Thompson, Siegel & Walmsley, Inc. Richmond, VA	Small/Mid Cap Value	March 15, 2005	228,983	1,580
TimesSquare Capital Management, LLC New York, NY	Small/Mid Cap Growth	October 1, 2002	367,920	2,877
Batterymarch Financial Management, Inc. Boston, MA	Small Cap Growth	March 15, 2005	184,045	1,311
Turner Investment Partners, Inc. Berwyn, PA	Small Cap Growth	March 15, 2005	246,448	1,938
ClariVest Asset Management, LLC San Diego, CA	Small Cap Growth	June 5, 2006	267,067	1,483
Pryamis Global Advisors (Fidelity) Boston, MA	Small Cap Core	May 23, 2000	389,988	2,567
Barclays Global Investors, NA <sup>1</sup> San Francisco, CA	Non - U. S. Index Fund EAFE Index Fund	October 2, 2007	485,689	200
Credit Agricole Asset Management <sup>1</sup> London, England	Global Fixed Income	September 19, 2007	835,179	-
Loomis Sayles (Global Fixed Income) <sup>1</sup> Boston, MA	Global Fixed Income	August 1, 2007	801,840	2,238
Mondrian Investment Group, Inc. <sup>1</sup> Philadelphia, PA	Global Fixed Income	August 15, 2007	886,218	2,231
Western Asset Management Co. <sup>1</sup> Pasadena, CA	Global Fixed Income	August 1, 2007	813,774	1,689
Loomis Sayles (High Yield) <sup>1</sup> Boston, MA	High Yield	May 2, 2008	194,488	152
Aquiline Capital Partners, LLC New York, NY	Private Equity	March 28, 2007	25,866	-
Apax Partners, LP <sup>1</sup> London, England	Private Equity	March 26, 2008	15,403	-

## Investment Section

### South Carolina Retirement Systems Schedule of Investment Managers and Fees For the Year Ended June 30, 2008 *(Amounts expressed in thousands)*

<u>Investment Manager</u>	<u>Style</u>	<u>Initial Funding Date</u>	<u>Market Value of Assets under Management at June 30, 2008<sup>2</sup></u>	<u>Fees</u>
Carousel Capital Partners <sup>1</sup> Charlotte, NC	Private Equity	September 17, 2007	12,435	-
Goldman Sachs & Co. <sup>1</sup> New York, NY	Private Equity	December 19, 2007	24,514	-
Lehman Brothers <sup>1</sup> New York, NY	Private Equity	May 22, 2008	1,147	-
Northstar Capital LLC <sup>1</sup> Minneapolis, MN	Private Equity	February 25, 2008	9,231	-
Pantheon (Europe Fund) <sup>1</sup> San Francisco, CA	Private Equity	July 2, 2007	18,866	-
Pantheon (USA Fund VII) <sup>1</sup> San Francisco, CA	Private Equity	July 10, 2007	24,487	-
Paul Capital Partners <sup>1</sup> San Francisco, CA	Private Equity	May 23, 2008	18,330	-
Square 1 Ventures <sup>1</sup> Durham, NC	Private Equity	May 8, 2008	3,000	-
TCW <sup>1</sup> Los Angeles, CA	Private Equity	August 31, 2007	107,934	-
TCW Crescent Mezzanine <sup>1</sup> Los Angeles, CA	Private Equity	March 20, 2008	15,309	-
Truebridge Capital <sup>1</sup> Raleigh, NC	Private Equity	December 28, 2007	8,828	-
Warburg Pincus <sup>1</sup> New York, NY	Private Equity	December 28, 2007	20,799	-
SCRS / TCW Strategic Partnership <sup>1</sup> Los Angeles, CA	Private Equity	June 20, 2008	40,000	-
Bridgewater Associates, Inc. <sup>1</sup> Westport, CT	Absolute Return	July 2, 2007	432,611	18,155
D.E. Shaw LLC <sup>1</sup> New York, NY	Absolute Return	July 2, 2007	375,544	-
En Trust Ltd <sup>1</sup> New York, NY	Absolute Return	August 31, 2007	400,816	-
FrontPoint LP <sup>1</sup> Greenwich, CT	Absolute Return	July 2, 2007	376,073	-
GAM <sup>1</sup> New York, NY	Absolute Return	August 27, 2007	755,594	-
Gottex <sup>1</sup> Boston, MA	Absolute Return	September 28, 2007	763,425	-
Grosvenor LP <sup>1</sup> Chicago, IL	Absolute Return	August 29, 2007	767,639	-
Mariner Partners <sup>1</sup> Harrison, NY	Absolute Return	July 2, 2007	337,991	-
Morgan Stanley <sup>1</sup> New York, NY	Absolute Return	July 2, 2007	837,579	6,286
SCRS / Morgan Stanley Strategic Partnership <sup>1</sup> New York, NY	Absolute Return	February 27, 2008	997,397	-

## Investment Section

### South Carolina Retirement Systems Schedule of Investment Managers and Fees For the Year Ended June 30, 2008 *(Amounts expressed in thousands)*

<u>Investment Manager</u>	<u>Style</u>	<u>Initial Funding Date</u>	<u>Market Value of Assets under Management at June 30, 2008<sup>2</sup></u>	<u>Fees</u>
Bridgewater Associates, Inc <sup>1</sup> Westport, CT	Global Asset Allocation	August 1, 2007	746,631	-
Grantham, Mayo, Van Otterloo & Co. LLC <sup>1</sup> Boston, MA	Global Asset Allocation	August 31, 2007	353,005	1,875
Mellon Bank, NA <sup>1</sup> San Francisco, CA	Global Asset Allocation	February 8, 2008	358,182	2,249
Putnam Investments <sup>1</sup> Boston, MA	Global Asset Allocation	January 17, 2008	722,030	1,444
Angelo Gordon, LP <sup>1</sup> New York, NY	Opportunistic Credit	June 17, 2008	15,040	-
Russell Investment Group <sup>3</sup> Tacoma, WA	Beta Overlay	May 29, 2007	(28,811)	1,223
Residual Assets <sup>4</sup>			21	-
			<u>\$18,850,851</u>	<u>\$60,159</u>

<sup>1</sup>Manager hired during fiscal year 2008.

<sup>2</sup>Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

<sup>3</sup>Negative value includes Swap positions held.

<sup>4</sup>Balances in the Residual Assets account are held temporarily while waiting to be placed in a more permanent investment.

Several of the alternative investment managers provide account valuations on a net of fee basis. Management fees are netted against investment income and because they are not readily separable for specific investment income, amounts are recorded and reported net of fees.

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